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THE REAL ESTATE
LOAN AND DEBENTURE
COMPANY.

INCORPORATED 1879.

BY-LAWS AND RULES.

HEAD OFFICE :
No. 38 TORONTO STREET, TORONTO.

1880.

9165



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LOAN AND DEBENTURE
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INCORPORATED 1879.

BY-LAWS AND RULES.

Directors :

President—THE HON. ALEXANDER MORRIS, M.P.P.

Vice-President—J. G. HODGINS, LL.D.

Consulting Director—JAMES FRASER, ESQUIRE.

THE HON. OLIVER MOWAT,

ROBERT BARBER, ESQUIRE,

WARRING KENNEDY, ESQUIRE

HUGH MILLER, ESQUIRE,

JOHN TURNER, ESQUIRE,

T. R. WADSWORTH, ESQUIRE.

Manager—BENJAMIN MORTON, ESQUIRE.

Solicitors—MESSRS. CASTON, GALT & HODGINS.

Bankers—MERCHANTS BANK OF CANADA.

HEAD OFFICE — No. 38 TORONTO STREET, TORONTO.

Toronto :

COPP, CLARK & CO., PRINTERS, 67 & 69 COLBORNE STREET.

1880.



Pamph

1880

no. 41

RULES AND BY-LAWS.

I.

This Company is a body corporate, pursuant to the provisions of the Statutes in that behalf.

II.

The Company shall be called **THE REAL ESTATE, LOAN AND DEBENTURE COMPANY**, with its head office in the city of Toronto, at which place the meetings of the Company shall be held.

III.

The objects for which the Company is established are : to assist its members, shareholders and others in the acquisition of freehold or leasehold property ; in the erection of buildings and otherwise improving the same ; the removal of incumbrances or liabilities upon property already held by them ; to enable them to receive the amount of their shares in advance upon furnishing good mortgage security ; to encourage the accumulation of capital and the savings of those not otherwise disposed to provide for adverse contingencies, by furnishing safe and remunerative investment to its shareholders, depositors and debenture holders, by the advancement of funds to applicants and borrowers upon easy terms of repayment, whether by instalments or otherwise, and for such periods as required, upon real estate security, so as to enable persons to retain their premises, which would otherwise be lost to them at a great sacrifice ; to make advances upon and for the purchase of Dominion, Provincial and Municipal securities and debentures ; to invest the surplus funds and capital to the best advantage, and thus relieve persons of the trouble and risk that indi-

viduals would be under, and at all times having the more certain security of the Company in place of that of an individual; to enable persons to obtain readily a safe and profitable investment for money, whether in large or small sums; to enable persons of small means to make some provision for their old age, and to secure portions for their children; to afford persons of limited means the opportunity of acquiring property; and of affording to persons wishing to borrow the means of obtaining advances at a fixed rate of interest, with the privilege of repaying the loan by instalments and in the most convenient way to themselves; and generally to carry out the purposes of the said Acts.

IV.

The capital stock of the Company shall consist of shares to the extent of \$1,000,000, and until otherwise ordered by the shareholders the Directors shall have power from time to time to create new stock, and to determine the conditions and terms upon which the same shall be issued and payable, and the premium, if any, which shall be paid thereon, provided that all new stock shall be first offered to existing stockholders, *pro rata*, at such rate or premium as the Directors may determine, and the premium so obtained shall be added to and form part of the reserve fund of the Company.

V.

The shares of the Company are placed at fifty dollars each, payable in monthly instalments of four dollars, with a deposit of two dollars per share at the time of entering, or if so desired, shareholders may elect to pay ten per cent. in cash at the time of subscribing the stock, subject to calls of not more than ten per cent. and at periods not oftener than three months, as the Directors may from time to time direct, and not more than twenty per cent. of the subscribed stock shall be called in during any one year.

VI.

Shareholders may pay up in full or may pay in advance any number of monthly instalments. Every shareholder shall be entitled to dividends on all moneys paid on account of his shares, and those paying any number of monthly instalments in advance may, with the consent of the Directors, be allowed a like number of additional months' credit without being subject to fines.

VII.

All persons becoming shareholders of the Company shall sign and seal a covenant to observe and keep the the Rules and By-laws of the Company that may at any time exist or be promulgated.

VIII.

The covenant of subscribers shall be in the following words, or to the like effect, namely : We, whose names are hereunder written, do hereby covenant, promise and declare, each for himself, his heirs, executors, administrators and assigns, and not jointly or the one for the other, that we are shareholders in and have constituted ourselves members of "The Real Estate Loan and Debenture Company," and have subscribed for and accepted the number of shares in the stock or funds thereof and bearing the amount set opposite to our respective names in the several columns set apart therefor in connection herewith ; and we do hereby further covenant, promise and agree to and with the said Company, its President and Treasurer or Manager, and their successors in office, that we ourselves and our several and respective executors, administrators and assigns, shall well and truly pay all and every sum or sums that shall from time to time be demanded and arise upon such shares ; and further, also, that we will observe, perform, fulfil and keep all and singular the by-laws, rules and regulations of the said Company that now are or may hereafter be made and adopted in respect thereof, and which on our several and respective parts are or ought to be observed, performed, fulfilled and kept.

IX.

The name and address of such shareholder, and the number of shares held by him, and any further particulars, if thought proper, shall be entered in the books of the Company, and every shareholder changing his residence or post office address shall give notice in writing to the manager of his new place of abode or address, and in default thereof the Company shall be deemed to be authorized to continue the original address and incur no responsibility in respect thereof.

X.

Any shareholder not indebted to the Company may transfer his or her shares, subject to the Rules, by causing an entry of such transfer to be made in the books of the Company in such manner as the Directors may appoint, and thereupon the transferee shall be entitled to all the privileges of the original shareholder provided always that any shares given in security to the Company for an advance or otherwise held by them, shall only be transferable with the consent of the Directors. No transfer shall be valid unless made in the books of the Company, and all persons accepting transfers of stock shall thereby become subject to all the Rules and By-laws of the Company.

XI.

The Directors may declare forfeited to the Company the shares and subscriptions of any member or Shareholder who is in default, or who neglects to pay the instalments or monthly subscription fixed by these rules, and such Shareholder shall thereupon cease to be a member of the Company, and the Manager shall make a minute of such forfeiture and the arrears may be recovered, by action of debt or otherwise, as the Directors may think proper.

XII.

In the event of the death or insanity of any shareholder the legatee or legal representative of such share-

holder shall, before becoming entitled to the privileges of an original shareholder, procure his place of abode and the particulars of his title to be registered in the books of the Company and shall, at the same time, exhibit the will and probate thereof, or grant of letters of Administration, or other documents or evidence, as the case may be, for the inspection and satisfaction of the Directors, and furnish a certified copy of the same when so required. And whenever an agent or attorney shall assume to act for any shareholder a written authority shall be produced and furnished to the Company as the evidence thereof. That in case any person other than the original stockholder becoming by law entitled to any such share he or they shall also sign and subscribe to the rules of the Company in like manner as the original shareholder.

XIII.

The Company shall not be bound to see to the execution of any trust, whether expressed implied or constructive, to which any of the shares of its stock or moneys deposited shall be subject, and the receipt of the party or parties, or his or their attorneys, in whose name any such shares or deposits shall stand in the books of the Company, shall be a sufficient discharge to the Company for any dividend or other sum of money payable in respect of such shares or deposit, notwithstanding any trust to which such share or deposit may then be subject, and whether or not the Company have had notice of such trust; and the Company shall not be bound to see to the application of the money paid upon such receipt, any law or usage to the contrary notwithstanding.

XIV.

All money which shall from time to time be paid to, or borrowed by, or deposited with, the Company, or which shall in any wise belong to the Company, shall, after providing for expenses or accruing liabilities, be appropriated by the Directors in loans or advances to

members and other persons upon mortgages on real estate and other securities as provided by the statute and by the Rules, and in the purchase of any such securities; and the Directors shall have full power to buy and sell and convey all such securities as the Company may hold, and the conveyances and instruments shall be executed by the President and by the Manager, and the seal of the Company likewise attached. The securities of the Company shall be safely kept as the Directors may from time to time direct, and all securities, payable to bearer or negotiable by mere delivery, shall be in the joint custody of, and subject to the order of, the President, Vice-President or Consulting Director, and the Manager or Assistant Manager. Should the funds of the Company not be taken up by members or other borrowers at the ordinary current rates charged, such funds may be otherwise invested for the benefit of the Company at the discretion of the Directors.

XV.

Loans may be made by the Company to any person or body corporate, and the Directors shall have power to regulate the amounts applicable for advances, and the terms and conditions thereof, the time and manner of making the same, the interest payable thereon, and the price to be paid for the purchase of any security, and the time and amount of the repayments to be made in respect thereof. The repayment of loans or advances, and the payment of interest thereon, may be made in one or more instalments as may be agreed upon, or the interest may be kept distinct, and made payable in periodical payments as may be agreed upon, and the principal fall due and made payable at the expiration of a definite and fixed time. No loan or advance shall be liable to the contingency of losses or profits in the business of the Company, and no borrower shall take part in the management of the affairs of the Company, in respect of any shares subscribed for by him for the purpose of obtaining the advance thereof.

from the funds of the Company. All borrowers shall be governed by and observe the same rules and regulations, and all loans and advances made shall be subject thereto, whether the borrower be a member of the Company or not.

XVI.

The Directors may accept as securities for loans and advances real property situate anywhere within the Province of Ontario. Dominion or Provincial stock or securities, or the debentures of municipal corporations in the Dominion, or the stock of any shareholder of the Company, or any other debentures or public securities as security for loans or advances, or in the purchase thereof, and may take any kind of real or personal security as collateral security for any loan or advance. Provided, however, that no such loan or advance shall exceed the appraised value of such real estate security. Provided, further, that at least four-fifths of the invested funds and assets of the Company shall be secured upon real estate.

XVII.

Any member or other person applying for a loan or advance from the funds of the Company shall furnish in writing to the Manager or Directors such information as to the value, description, situation, tenure and other particulars of the property proposed to be mortgaged to the Company, as may be required, in such form as they shall prescribe, and deposit with the Company all deeds and documents necessary to shew his title thereto; and also such sum as may be considered requisite to meet any probable expenses. Should any such member or other person decline to take up the amount allotted to him, or fail to complete the necessary securities to the satisfaction of the Directors, within one month after such allotment or acceptance of such loan, he shall, if required by the Company, pay interest in the nature of a fine at the rate of one per cent. a month upon the sum allotted; and the Company may otherwise dispose

of the funds so granted to him, and they may retain any such papers under a special lien until such demand may have been satisfied.

XVIII.

All Mortgages, Deeds, Securities and other instruments upon real estate or otherwise to the Company shall be prepared in such form and contain such clauses, provisions and agreements as the Solicitor for the Company shall think fit, with the approval of the Directors, and in case the Mortgagor shall, at any time or times, neglect or refuse to make his repayments or the interest or other sums due or payable to the Company for the space of two months, the Directors may either, with or without the concurrence of the Mortgagor appoint a person or persons, with such salary or commission as they may think proper, to collect the rents and profits of the mortgaged premises, and the Company shall have the same power of enforcing payment as the owner or Mortgagor himself may possess, and also shall have power to sell and dispose of such premises by public auction, or private sale when and in such manner as the Directors shall think proper, and in case the Mortgagor shall be himself the actual occupier of such mortgaged premises, then the mortgage instrument shall contain stipulations that he becomes tenant to the Company at a fair rent, which may be fixed by the Directors, and whenever the Directors shall notify him in writing, to his post office address, as registered in the books of the Company, to the effect that they hold him as tenant at a rent to be named in the notice, and in the event of his failing to pay the rent at such times as may be stated in the said notice, then the Directors shall have the power to distrain as between landlord and tenant, and the Directors shall likewise have the power to make such arrangements for the repairing, or keeping in repair, or for finishing, altering, or putting in order any buildings or other improvements, or from time to time inspecting, and for taking care of, and managing generally, the mortgaged property, as they

shall deem expedient, and may likewise require the mortgagor to execute a formal statutory lease; and in case of default in the payment of any moneys due on a mortgage to the Company, the Directors may, if they deem fit, appoint an officer of the Company, or other persons, from time to time to examine the mortgaged property and report thereon to the Board at the expense of the Mortgagor; and all reasonable costs, charges, and expenses incurred under the rules, or which the Company may be put to in connection with the mortgage debt, shall be immediately payable by the mortgagor, and shall be a charge upon the mortgaged property; and when any sale shall take place of any property mortgaged to the Company, the Directors shall have power to retain and apply so much of the purchase money as shall be necessary to pay whatever may be found to be due under the mortgage, together with all expenses due to the Company, and to hold the surplus thereof for the mortgagor, or whoever shall appear to be entitled to receive the same.

XIX.

That it shall be lawful for any borrower, having executed a mortgage in favour of the Company, to substitute, at his own expense, and subject to the approval of the Directors, any other property as security to the Company in lieu of the property originally mortgaged.

XX.

That if any member or other person having executed a mortgage to the Company shall desire to sell the mortgaged property, subject to the mortgage, he shall be at liberty to do so, with the consent of the Directors, upon first duly transferring the shares secured by such mortgage to the intended purchaser, in manner provided by these rules, and upon such transfer being completed, and all arrears due to the Company from the mortgagor being paid, and the conveyance to the purchaser executed, such person shall thenceforth

become liable to pay all repayments payable in respect of such shares, and the Directors may grant to the original mortgagor, and at his cost and charges, a release from all further liability in respect thereof.

XXI.

If any mortgagor shall desire to have his property discharged from a mortgage to, or that is held by, the Company, before the expiration of the full term for which it has been taken, he shall be allowed to do so on such terms as the Directors may determine. A part or parts of the property or properties mortgaged may, at the expense of the party applying, be released, by the Directors, from time to time, if they see fit.

XXII.

On the redemption of any security, or when all repayments have been made, and all costs, outlay and other sums, chargeable in respect thereof, have been paid on loans or advances, pursuant to the rules, a discharge of such security shall be executed, and the same shall be delivered to the mortgagor or his representative, on being applied for, together with all other deeds and documents in the possession of the Company relating to such security; and such discharge shall be prepared, and the seal and necessary signatures obtained, and any matters relating thereto transacted by the Company's Solicitor, under the direction of the Board, at the expense of such mortgagor.

XXIII.

Whenever any property, mortgaged to the Company, or upon which the Company shall have any claim, shall be subject to any tax, ground rent, or any other charge or claim of any nature or kind whatsoever, the mortgagor, or such person who ought to, shall from time to time, and at least three days before the same shall respectively become due, produce to the Manager of

the Company an acknowledgement of the payment thereof ; failing which, and in default of payment by the mortgagor, or such other person, the Directors may order payment, and charge the mortgagor, or such other party responsible therewith, and with all expenses attending the same ; all such payments by the Company shall be a charge upon the mortgaged property, and shall be subject to a fine in lieu of interest of one cent on the dollar per month until repaid ; and all such sums shall be recovered in like manner as other moneys. But it shall not be incumbent on the Directors to make any such payment, and the Company shall not be responsible for any consequences arising from the non-payment of any such charge or prior claim.

XXIV.

Fifteen days after default, in the repayment when due of any loan or advance made by the Company upon the security of the stock of any Shareholder, or of any part thereof, or in the payment of any interest thereon, the Company shall have full power to sell the shares of such Stockholder, or of any part thereof, and to make necessary transfers ; and the amount realized by the Company upon any such sale shall be applied in payment of the debt, and of all fines, costs and charges incurred in connection therewith, and the balance, if any, shall be paid to such Stockholder or to his representative ; and no notice of any such sale by the Company shall in any case be necessary. The Company shall in all cases have a first lien on all shares held by any person indebted or liable to the Company for the amount of such debt or liability, and all monies paid by any such person, or which may be in the possession of the Company belonging to any such person, shall be applied to his account as the Directors may appoint.

XXV.

Every person executing a mortgage or other instrument to the Company shall, at the time of such execu-

tion, and also at any subsequent time, if required, give to the Manager a written statement of all such particulars relating to the insurable property comprised in such mortgage as are usually required by Insurance Companies, in default of which the Company may obtain such statement at the expense of the mortgagor; and if at any subsequent period any trade shall be commenced or erection made, on or near the property mortgaged, or other matter or thing shall take place which would in any way affect the validity of the policy of insurance, the like statement and information shall be given, and in default shall be liable to forfeit and pay to the Company such sum or sums of money as the Directors may impose; and the Company may, if they think fit, once a year, or at such other times, appoint some person, and have the same inspected, and obtain all information required, and report thereon to the Directors. In the event of any change of ownership or of occupation, or other thing, shall take place which would in any way increase the risk from fire, or affect the validity of the policy of insurance, notice thereof shall likewise be given, and any expense the Directors may incur in the obtaining of information required by them regarding any insured property, through the neglect or refusal of the borrower, shall be a charge upon the property under the mortgage.

XXVI.

All property secured to the Company, liable to be damaged by fire, shall be insured by the mortgagor, if required by the Directors, in such Insurance Company and to such an amount as they shall from time to time direct; and the policy or policies shall be in the name of, or shall be assigned to, the Company; and at least three days before the expiration of any such policy, the mortgagor shall produce proof to the Manager of the renewal of such insurance or reinsurance; failing which the Directors may insure the property for the protection of their Company, and shall charge the expense thereof to the mortgagor.

XXVII.

When the Company holds a policy of insurance with any mortgage, in which it is stated that the loss, if any, under the same shall be paid to the Company, and in which said policy of insurance it has been agreed that in case of loss under said policy the Insurance Company will pay the amount of such loss to the Company, notwithstanding by the breach of any of the conditions upon which the said insurance was effected or from other causes the said policy might be considered vitiated and the said Insurance Company feel justified in setting up the same and resisting the payment of the claims under such policy, then, and in every such case, if the said Insurance Company desires to take an assignment of the mortgage, and do pay to the said Company all money yet unpaid under said mortgage, the said mortgage may be assigned to such Insurance Company, together with all rights and claims of the said Company under such mortgage.

XXVIII.

In case of damage or loss by fire the Directors shall be entitled to receive from the Insurance Company the amount payable in respect to such damage, and the receipt of the Manager shall be a sufficient discharge to the Insurance Company for the amount of the money therein expressed to be received; and the Directors shall at all times have full power to settle and adjust with the Insurance Company any questions relating to such insurance, and to accept the amount to be paid by the Insurance Company in respect to the damage done to the premises, or to make such arrangements with the Insurance Company as to the rebuilding or repairing of the premises, or relating thereto, as the Directors shall think reasonable; and whatever they, the said Directors may do, or cause to be done, in respect thereof, the borrower shall be bound thereby.

XXIX.

The Directors may at their discretion either lay out the money which shall be received from any Insurance Company as aforesaid, or any part thereof, in repairing the damage done to the premises, or pay the same to the mortgagor or his representatives, or retain and apply the same, or such part thereof as they think fit, in or towards payment or satisfaction of the amount owing from the mortgagor to the Company, whether the same shall be due and in arrears or not, and pay the surplus, if any, to the mortgagor, or to such other person as he shall by writing direct to receive the same.

XXX.

In case of the non-payment at the Company's office of any subscription, repayment, interest, fine, outlay or any other money whatsoever, due and payable by any member or other person or body corporate, or in respect of any loan or advance made by the Company, on the days on which the same are made payable, according to the rules or to the terms of the mortgage or other security given for such loan, or advance the same, a fine of one cent on the dollar per month, upon the amount from time to time due and unpaid, may be imposed by the Company upon the party in default. All fines shall accrue and shall be payable to the Company immediately upon default being made, and shall be chargeable until all arrears are paid, and shall be a charge upon the mortgaged property. But the Directors shall, upon reasonable cause being shewn, have power from time to time to remit the fines or part thereof, and to charge instead thereof interest upon amounts past due at such rate as they may determine; provided that after default shall happen, the Directors shall have power to recover from any person in default the amount due to the Company by an action of debt in any Court of competent jurisdiction, or by any other mode of proceeding they may think proper. The costs of such procedure to be a charge under the mortgage.

XXXI.

A reserve fund shall be maintained, consisting of sums set apart and forming such fund, together with such sums as may be contributed and added thereto, or as the Directors shall from time to time deduct or retain from the undivided profits. The said reserve fund shall be invested and re-invested in the same manner as the other funds of the Company.

XXXII.

The financial position and profits and losses of the Company shall be ascertained as on the 31st December in each year, and the profits and losses shall then be apportioned. Shareholders shall be entitled to receive periodical dividends upon their shares or such portion thereof as may be paid up. Before appropriating any portion of the profits to the purpose of a dividend, and before making any addition to the reserve fund, the Directors shall provide for the payment of accrued interest and all other liabilities, and shall also make such ample provision in the contingent funds for uncertain losses and other contingencies as they shall think reasonable, and the same shall form a part of the general funds of the Company. Dividends may be declared and paid half-yearly or otherwise as the Directors may determine.

XXXIII.

A general annual meeting of the Shareholders shall be held at the office of the Company, or such place as the Directors may appoint, in the City of Toronto, on the first Wednesday of the month of February in each year, for the purpose of receiving a report from the Directors, a statement of business for the preceding year, for the election of Directors to serve for the ensuing year, and for all other general purposes relating to the management of the Company; and at each of the said general annual meetings shall be submitted a full and clear statement of the affairs of the Company for the year ending on the thirty-first

day of December previous. If from any cause the annual meeting shall fail to be held on the day herein appointed, the Directors shall, as hereinafter provided, call an extra general meeting of the Shareholders within one month for the transaction of the yearly business. Notice of such annual meeting to be mailed to each Shareholder not later than one week before such meeting is held.

XXXIV.

Extra general meetings of the Shareholders of the Company may be called by the Directors upon the Shareholders being notified of such meeting through the post office or otherwise, at the discretion of the Directors. Any ordinary or special meeting of the Shareholders or Directors may be adjourned from time to time, and such business may be transacted at such adjourned meetings as might have been transacted at the original meetings from which the adjournment took place.

XXXV.

All questions at the annual or other general meetings of the Company, except as provided by statute, shall be decided by a majority of votes of the Shareholders voting, either in person or by some other Shareholder as proxy. The chairman of any meeting, either of the Directors or Shareholders, to have a casting vote in addition to his vote as a Director or Shareholder.

XXXVI.

The voting for the election of Directors, and, if demanded, on all other questions, shall be by ballot; and on all questions each Shareholder shall have one vote for each share held by him, as provided by statute; but no Shareholder shall act as proxy for more than twenty-five other Shareholders.

XXXVII.

The proceedings of all meetings of the Shareholders or Directors shall be entered in a minute book in detail, in such manner as the Directors may from time to time direct ; and such entries shall be signed by the President, Vice-President or Chairman, as well as by the Manager or Secretary.

XXXVIII.

The affairs of the Company shall be under the control and management of a Board of nine Directors (of whom three shall form a quorum for the transaction of business), who shall each hold not less than one hundred shares of stock, and who shall choose from among themselves a President and Vice-President, and, when they think it necessary, a Consulting Director. No Director shall hold the office of Solicitor, Manager, or Inspector of the Company.

XXXIX.

That the Directors elected shall continue in office until the election of their successors.

XL.

If any Director shall die or resign, or become incapable to act as Director, or become bankrupt or insolvent, or compound with his creditors, or cease to hold the required number of shares, or be removed from office by a resolution at a special general meeting of the Shareholders, or shall be absent three months successively from the meetings of the Board, without the consent of the Directors, he shall thereupon cease to be a Director of the Company, and the Directors may appoint another Shareholder to be a Director in his place, as hereinbefore provided ; and no Director shall, at any meeting of the Board, take part in any discussion, or vote on any question in which he shall be personally interested otherwise than as a Shareholder.

XLI.

The Directors shall, at a special meeting to be called for that purpose, have power to fill up any vacancy that may arise in their own body in the course of the term by a vote of not less than two-thirds of the Directors present.

XLII.

The Directors shall from time to time inspect, or cause to be inspected, the Books, Accounts, Properties, and Securities of the Company, and may appoint one or more of their number, or other person or persons, to transact such or any other special business for the Company, and grant them such remuneration as the Board shall think reasonable.

XLIII.

The Directors shall, by resolution of the Board passed to that effect, be paid a sum not exceeding five dollars each for each Board or Committee meeting they may respectively have attended on the business of the Company, and shall be remunerated out of the funds of the Company.

XLIV.

The Directors are authorized, from time to time, to borrow money for the use of and upon the assets of the Company; to receive money on deposit, and to prescribe the rates of interest and the regulations to which the same shall be subject, and to issue and dispose of the Debentures of the Company. All Bonds and Debentures, and other like Instruments by the Company, shall have the seal of the Company attached thereto, and, together with the interest coupons, shall be signed by the President, Vice-President, or consulting Director, and by the Manager or Assistant Manager, or Secretary. Such Debentures shall bear such interest and be subject to such conditions and terms as the Board of Directors shall prescribe, and as shall be therein expressed. A Book, to be called the

Debenture Book, shall be kept, which shall contain the blank forms of such Debentures, numbered consecutively with corresponding margin, which shall be filled up before such Debentures are issued.

XLV.

The President shall preside at all meetings of the Shareholders or Directors, and shall exercise a general oversight over the business of the Company. In the absence of the President, the Vice-President shall preside at all meetings, and in the absence of the President and Vice-President, a Chairman shall be elected by the meeting or the Board, as the case may be.

XLVI.

The President, Vice-President or Consulting Director shall give daily or such frequent attendance at the Office of the Company as may from time to time be found necessary, in order that the Manager may confer with him on the affairs and business of the Company, and exercise a general oversight over its affairs.

XLVII.

A Manager shall be appointed, who shall also perform the duties of Secretary and Treasurer. He shall be under the supervision of the Board, and, except as otherwise provided by rule, have charge of the Offices, Books, Cash, and Securities of the Company, and the immediate direction and control of the clerks and assistants; and he shall daily deposit with the Company's Bankers all money he shall have on hand. He or the Assistant-Manager shall, with the President or other Directors appointed for that purpose, sign all cheques and deposit receipts, and the debentures of the Company, and assignments and releases of securities, and such other necessary documents. He shall attend all meetings of the Shareholders or Directors, enter minutes of all resolutions or proceedings in the Minute Book, and shall see that the accounts are

properly kept, and that the same, and a balance sheet thereof, are duly prepared for the inspection and signature of the Auditors. He shall summon the Directors to all meetings by circular, and issue all circulars and notices which may from time to time be thought necessary by the Directors ; conduct the correspondence of the Company, and perform such other duties as the nature of his office may demand. The Directors may, also, in their discretion, from time to time appoint an Assistant-Manager and other officers, with such powers and duties as the business of the Company may require, and generally shall define their respective responsibilities and duties.

XLVIII.

Every officer or other person appointed to any office in any wise concerning the receipt of money, shall furnish security, to the satisfaction of the Directors, for the just and faithful execution of the duties of his office, according to the Rules of the Company ; and any person entrusted with the performance of any other service, may be required by the Directors to furnish similar security.

XLIX.

That a Solicitor shall be appointed, who shall hold not less than forty shares, and he shall transact such necessary business of the Company as the Directors may require, for which he shall have a reasonable allowance. The Solicitor shall investigate the title to any property offered as security to the Company, and shall, in all cases, render to the Directors a report in writing whether such title be deemed by him good and sufficient for the purposes of the Company, and no money shall be advanced by the Company upon any security unless the same shall have been first reported on by the Solicitor ; and he shall prepare all necessary papers, mortgages, deeds, assignments and interests in favor of the Company. The Solicitor's and Appraiser's and other fees and charges shall in all cases be charge-

able by the Company to the party on whose account they may be incurred, unless otherwise arranged by the Directors.

L.

The Shareholders shall annually at the general meeting appoint two Auditors for the ensuing year, who are not then Directors, whose duty it shall be to examine and audit the books and accounts, securities and all documents having reference financially or otherwise to the business of the Company, and certify and submit a full and detailed statement of the Company's affairs to the Directors not later than the last Tuesday in January in each year, and to the Shareholders at the annual general meeting, as required by rule. The Auditors to be paid such sums for their services as the Shareholders at their general meeting may determine.

LI.

Persons approved by the Directors may from time to time be appointed Appraisers, who shall receive applications for loans, examine personally the property offered as security to the Company, if the Directors shall consider it necessary, and shall render to the Directors a full report in writing of the state and value of such property with such further particulars as may be required in such form as the Directors shall prescribe, and who shall be paid such fees as the Directors shall think reasonable. It shall not be a part of the duty of an Appraiser to make contracts for or to receive subscriptions or other moneys on account of the Company, and no payment of money to or undertaking by an Appraiser or other person shall be held to be a payment made to or an undertaking by the Company unless such Appraiser or other person be specially authorized in writing to receive such payment or contract such undertaking. And any payment made by the Company on the order of a borrower, either to an Appraiser or other person named therein, shall be held to be a good and sufficient pay-

ment by the Company to all intents and purposes, and the Company shall be under no further liability in respect thereof.

LII.

Neither the Solicitor nor Manager shall be removed from their respective offices, except for wilful misconduct or inability, and then only at a meeting specially convened for that purpose, and by a majority of the whole Board of Directors ; and in case of a removal or resignation of such officer or officers, the Directors shall proceed to elect other fit and proper persons in his or their stead, as hereinbefore provided. Either of the said officers, having been charged as aforesaid, and his removal having been voted by the Directors as aforesaid, shall be at liberty to appeal to a special meeting of the Shareholders, which shall be called for that purpose by the President within fourteen days, or upon the requisition of any ten Shareholders ; and if three-fourths of the members present, or represented by proxy at such meeting, shall vote for the continuance in office of said officers, or either of them, they shall not be removed.

LIII.

No Director or Officer in the employment of the Company, or receiving any emolument from the Company for services rendered, shall be allowed to borrow or receive any advance from the funds of the Company.

LIV.

All moneys shall be payable at the Company's office in the City of Toronto, on the day they fall due ; but if that day is a statutory holiday or Sunday, then it shall be the following day.

LV.

The Directors may make such arrangements with any of the chartered Banks doing business in Canada

or elsewhere as it may become necessary, for the deposit of moneys and securities, and for conducting other financial matters, as they shall from time to time deem necessary.

LVI.

No money shall be drawn from any Bank without the signature of the President, Vice-President, or Consulting Director, and the Manager or Assistant-Manager of the Company.

LVII.

The Company shall have a seal, and the same shall be under the charge of the Manager or Assistant-Manager, who shall, in conjunction with the President, Vice-President or Chairman, and under the direction of the Board, affix it to such instruments as may legally require the same.

LVIII.

In the practical application of these rules, or any rule to be hereafter made, the construction put upon them by the Board of Directors shall be final and conclusive. Every word in the singular number shall be applicable in the plural; and every word importing the masculine gender shall, where necessary, be understood to be feminine, unless in reference to such changes there be something repugnant to such construction. The words "share" and "shareholder," and "stock" and "stockholders," shall in all cases be held to refer only to the investing or unadvanced shares or stock of the Company and the holders thereof, and the word "rules" shall be held to mean the rules and by-laws of this Company now existing or hereafter to be passed.